ROANOKE VALLEY-ALLEGHANY REGIONAL COMMISSION

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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TABLE OF CONTENTS

FINANCIAL SECTION

	Exhibit	Page
Independent Auditors' Report		1-4
Management's Discussion and Analysis		5-9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements		
Balance Sheet – Governmental Fund	3	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement Of Net Position	4	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	5	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	6	15
Notes to the Financial Statements		16-28
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund-Budget and Actual	7	29
Other Information:		
Schedule of Indirect Expenses	8	30
Cost Allocation by Project	9	31
Statement of Revenues and Expenditures - ARC	10	32

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	33-34
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	35-37
Schedule of Expenditures of Federal Awards	38-39
Schedule of Findings and Questioned Costs	40

FINANCIAL SECTION

Independent Auditors' Report

To the Members of the Board
Roanoke Valley - Alleghany Regional Commission
Roanoke, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Roanoke Valley - Alleghany Regional Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Roanoke Valley - Alleghany Regional Commission, as of and for the year ended June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roanoke Valley - Alleghany Regional Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2025, the Commission adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balance

As described in Note 14 to the financial statements, in 2025, the Commission restated beginning balances to include sick leave as part of compensated absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roanoke Valley - Alleghany Regional Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roanoke Valley - Alleghany Regional Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roanoke Valley - Alleghany Regional Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roanoke Valley - Alleghany Regional Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information schedules as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roanoke Valley - Alleghany Regional Commission's internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 26, 2025

Roanoke Valley-Alleghany Regional Commission

This section of the Roanoke Valley-Alleghany Regional Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended June 30, 2025. Please read it in conjunction with the Commission's financial statements, which follow this section.

Overview of the Financial Statements

This report consists of Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements and supplementary information. The first two financial statements are condensed and present a government-wide view of the Commission's finances. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Commission.

The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The statement of activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are recorded in this statement for some items that will only result in cash flows in future periods.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses a governmental fund to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental

fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Fund financial statements are presented as exhibits 3 and 5 in the accompanying financial statements. Fund financial statements are reconciled to the government-wide (Governmental Activities) financial statements in exhibits 4 and 6 as presented in the accompanying financial statements.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission's financial condition.

The MD&A is intended to explain the significant changes in financial position and the differences in operations between the current year and prior year.

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. The statement of net position presents the Commission’s assets and liabilities, with the difference between the two reported as net position. The statement of activities shows in broad terms how net position changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the Commission’s financial position is improving or deteriorating. Net position is reported in three categories; net position invested in capital assets, net position that is restricted in use and net position that is unrestricted.

In the statement of activities, revenues supporting activities and programs, of the Commission, are classified under three broad categories: operating grants and contributions, capital grants and contributions and charges for services. Grant revenue received that is passed through to another entity is classified as operating even if the funds are ultimately used for capital purposes.

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Financial Analysis

Summary Statement of Net Position

	2025	2024
Assets:		
Current and Other Assets	$ 1,895,133	$ 2,522,694
Capital Assets	583,382	455,572
Total Assets	$ 2,478,515	$ 2,978,266
Liabilities:		
Current Liabilities	$ 606,766	$ 1,334,084
Noncurrent Liabilities	14,299	8,207
Total Liabilities	$ 621,065	$ 1,342,291
Net Position:		
Net Investment in Capital Assets	$ 577,685	$ 455,394
Unrestricted	1,279,765	1,180,581
Total Net Position	$ 1,857,450	$ 1,635,975

The Summary Statement of Activities - Governmental Activities shows an increase of $244,057.

Summary Statement of Revenues, Expenditures & Changes in Net Position

	2025	2024
Revenues:		
Program revenues	$ 2,405,902	$ 2,647,509
General revenues	68,010	78,146
Total revenues	$ 2,473,912	$ 2,725,655
Expenses:		
Community development	$ 2,229,708	$ 2,572,505
Interest on long-term debt	147	-
Total expenses	$ 2,229,855	$ 2,572,505
Change in Net Position	$ 244,057	$ 153,150
Net Position, Beginning of Year, as Previously Reported	$ 1,635,975	$ 1,482,825
Restatement	(22,582)	-
Net Position, Beginning of Year, as Restated $	1,613,393	$ 1,482,825
Net Position, End of Year	$ 1,857,450	$ 1,635,975

Changes in net position for the current year are a result of reasonable and expected fluctuations in grant activity for the year.

Revenues and Carryover Balances

The largest decrease in revenues during FY25 over last year came from grant funds provided by Virginia Housing to partner with developers, in the region, to build housing units targeted for low to moderate income individuals at 80% of the area medium income or below. The underspent grant funds budgeted resulted from work on two projects: Trinity Commons (Roanoke) and Rivermont Apartments (Covington). Both projects experienced delays. Trinity Commons was delayed due to rezoning and property acquisition and Rivermont was delayed due to the contractor securing funding for acquisition, review and approval of use of historic tax credits and design changes.

The Commission was awarded regional transportation planning funding from Virginia Department of Transportation (VDOT), for Metropolitan Planning Organization (MPO) activities in the amount $795,841, VDOT Rural Transportation funding of $58,000 and Virginia Department of Rail and Transportation funds of $204,195. The Commission matches each funding stream, as required, with local funds. MPO funds not used in a fiscal year carry forward to the fiscal year following the next current fiscal year. This allows for adjustments to plans as the need arises.

Interest earned on reserve fund investments in FY25 was $63,404 which is a decrease of $10,557 from the prior year.

Dues paid by the localities at $1.20 per capita were as follows: Alleghany County $13,741, Botetourt County $40,212, Clifton Forge $4,136, Covington $6,780, Craig County $5,887, Franklin County $59,063, Town of Rocky Mount $5,923, City of Roanoke $119,561, County of Roanoke $106,274, City of Salem $29,909 and Town of Vinton $9,652 for total dues in the amount of $401,138.

The Commission received $114,971 from the Virginia Department of Housing and Community Development, which was allocated by the Virginia General Assembly to Planning District Commissions.

The Regional Commission received, from localities in the urbanized area that are covered by the Roanoke Valley Transportation Planning Organization, 0.15 cents per capita to assist with 10 percent of the required match for federal transportation planning funds. Per capita funds received were as follows: Bedford County $240, Botetourt County $2,845, Montgomery County $201, Roanoke County $12,707, City of Roanoke $14,945, City of Salem $3,739, and the Town of Vinton $1,206 for total dues in the amount of $35,882.

Expenditures

The expense category that had the largest decrease in spending from the prior year was Contract Services Expense. With a decrease in spending of $402,744 under the prior year. The largest reduction in expenditures corresponds with the housing project delays in FY25, on the Virginia Housing projects mentioned earlier.

The Commission's budget includes funds set aside for certain grant carryforwards and operating contingencies that may be used in a future year, if not used in the current funding year or limited by the granting authorities.

Capital Asset and Debt Administration

Capital assets include the Commission's building, computer equipment, furniture, lease office equipment, and intangible asset (website). The increase in capital assets over last year is due to the completion of the elevator modernization. For more information on capital assets, reference Note 6.

In the current and prior fiscal year, the Commission was debt free, with the exception of a lease liability, and there are no current plans to pursue additional debt but the potential for new debt could exist if it is determined the building needs additional immediate maintenance or upgrades. For more information on debt, reference Note 5.

Economic Factors and Future Outlook

The Commission continues to partner with many regional agencies to provide services across a broad range of issues. These partnerships can lead to potential new funding opportunities for the Commission.

Contacting the Commission's Financial Management Staff

This financial report is designed to provide a general overview of the Commission's finances and show the Commission's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission's Director of Finance at 313 Luck Avenue SW in Roanoke, Virginia 24016-5013, telephone 540-343-4417, or at sdean@rvarc.org.

Basic Financial Statements

Exhibit 1

Roanoke Valley - Alleghany Regional Commission
Statement of Net Position
June 30, 2025

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	1,332,663
Accounts receivable		6,250
Grants receivable		528,085
Prepaid items		28,135
Capital assets:		
Capital assets, not being depreciated/amortized		113,240
Capital assets, net of accumulated depreciation/amortization		470,142
Total assets	$	2,478,515
LIABILITIES		
Accounts payable	$	212,063
Accrued payroll		44,227
Unearned revenue		297,382
Noncurrent liabilities:		
Due within one year		53,094
Due in more than one year		14,299
Total liabilities	$	621,065
NET POSITION		
Net investment in capital assets	$	577,685
Unrestricted		1,279,765
Total net position	$	1,857,450

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 2

Roanoke Valley - Alleghany Regional Commission
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary Government:				
Governmental activities:				
Community Development	$ 2,229,708	$ 26,538	$ 2,379,364	$ 176,194
Interest on long-term debt	147	-	-	(147)
Total primary government	$ 2,229,855	$ 26,538	$ 2,379,364	$ 176,047

General revenues:	
Unrestricted revenues from use of money	$ 63,404
Miscellaneous	4,606
Total general revenues	$ 68,010
Change in net position	$ 244,057
Net position, beginning, as previously reported	1,635,975
Restatement	(22,582)
Net position - beginning, as restated	$ 1,613,393
Net position - ending	$ 1,857,450

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 3

Roanoke Valley - Alleghany Regional Commission
Balance Sheet
Governmental Fund
At June 30, 2025

ASSETS		General Fund
Current assets:		
Cash and cash equivalents	$	1,332,663
Accounts receivable		6,250
Grants receivable		528,085
Prepaid items		28,135
Total assets	$	1,895,133
LIABILITIES		
Current liabilities:		
Accounts payable	$	212,063
Accrued payroll		44,227
Unearned revenue		297,382
Total liabilities	$	553,672
FUND BALANCES		
Nonspendable:		
Prepaid items	$	28,135
Unassigned		1,313,326
Total fund balances	$	1,341,461
Total liabilities and fund balances	$	1,895,133

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 4

Roanoke Valley - Alleghany Regional Commission
Reconciliation of the Balance Sheet of Governmental Fund
To the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet		$ 1,341,461
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated/amortized	$ 113,240	
Capital assets being depreciated/amortized	882,856	
Accumulated depreciation/amortization	(412,714)	583,382
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	$ (61,696)	
Lease liability	(5,697)	(67,393)
Net position of governmental activities		$ 1,857,450

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 5

Roanoke Valley - Alleghany Regional Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2025

Revenues:		General Fund
Grants and appropriations:		
Federal grants	$	1,152,081
State grants and appropriations		617,073
Local grants and appropriations		610,210
Contract services		26,538
Miscellaneous		4,606
Interest income		63,404
Total revenues	$	2,473,912
Expenditures:		
Current:		
Community Development	$	2,351,232
Debt Service:		
Principal		1,386
Interest		147
Total expenditures	$	2,352,765
Excess (deficiency) of revenues over (under) expenditures	$	121,147
Other financing sources (uses)		
Issuance of lease liabilities	$	6,905
Net change in fund balance	$	128,052
Fund balance, beginning of year		1,213,409
Fund balance, end of year	$	1,341,461

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 6

Roanoke Valley - Alleghany Regional Commission
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Fund
To the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - governmental fund		$ 128,052
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:		
Capital outlays	$ 156,626	
Depreciation/amortization expense	(22,456)	134,170
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		
Disposal of assets (net)		(6,360)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued or incurred:		
Issuance of lease liability	$ (6,905)	
Principal repayments:		
Lease liability	1,386	(5,519)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in compensated absences		(6,286)
Change in net position of governmental activities		$ 244,057

The accompanying notes to the financial statements are an integral part of this statement.

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Roanoke Valley-Alleghany Regional Commission (the Commission) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Commission is a multi-jurisdictional entity created for the purpose of promoting the orderly and efficient development of the physical, social, and economic elements in its district. The Commission draws its corporate powers from Virginia Code section 15.1-1404 which defines it as a body corporate and politic. The Commission consists of 30 members who are appointed by and serve at the pleasure of the eleven member governments.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission (primary government).

The Statement of Net Position is designed to display financial position of the primary government (governmental activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the functions (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The Commission reports the following major governmental fund:

The General Fund is the Commission's operating fund. It accounts for and reports all financial resources of the Commission.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and Cash Equivalents*

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. *Allowance for Uncollectible Accounts*

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts has been recorded in the accompanying financial statements.

3. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

4. Capital assets

As the Roanoke Valley - Alleghany Regional Commission constructs or acquires capital assets each period, including infrastructure assets (if applicable), they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in note 1.D.11. that follows). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use lease equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives (or life of the associated contract for lease assets):

Assets	Years
Office equipment	2-5
Lease office equipment	5
Buildings and improvements	30
Intangible asset (website)	7

5. Compensated Absences

The Commission recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Commission employees earn sick leave at the rate of 9 days per year, 15 days per year after 5 years of service. A maximum of 60 days of sick leave may be accumulated. No benefits or pay is received for unused sick leave upon termination. Commission employees earn 7 days of personal leave. No benefits or pay is received for unused personal leave upon termination.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

5. Compensated Absences (continued)

Commission employees earn annual leave based on the number of years of services as follows:

Years of Service	Days per Year
1-4 years	12
5-9 years	15
10-14 years	18
15-20 years	21
21+ years	24

Accumulated annual leave up to a maximum of 30 days is paid upon termination.

6. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Fund Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Commission's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. Fund Balance (continued)

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

8. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted—consist of assets that are restricted by the Commission's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

9. Net Position Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any deferred outflows of resources as of June 30, 2025.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any deferred inflows of resources as of June 30, 2025.

11. Leases

Lessee: The Commission is a lessee for a noncancellable lease of equipment. The Commission recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Commission recognizes lease liabilities with an initial value of $5,000 or more. At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term less any lease incentives.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided and the interest rate cannot be readily determined, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term obligations on the statement of net position.

Note 2-Stewarship, Compliance, and Accountability:

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements.

1. The Executive Director submits to the Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them.
2. Prior to June 30, the budget is legally adopted by the Commissioners.
3. Only the Commissioners can revise the budget.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. All budgets are adopted on a basis consistent with the modified accrual basis of accounting.
6. Any unused budget amounts lapse on June 30.

Note 3-Deposits and Investments:

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investor Service, Inc; A-1 by Standard & Poor's; or F1 by Fitch Ratings Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk: The Commission has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)

Investment Type	Fair Value	1 Year
Local Government Investment Pool	$ 1,301,444	$ 1,301,444
Totals	$ 1,301,444	$ 1,301,444

Note 3-Deposits and Investments: (continued)

Credit Risk of Debt Securities: The Commission has not adopted an investment policy for credit risk. The Commission's rated debt investments as of June 30, 2025 were rated by Standard & Poor's rating scale and the ratings are presented below.

Commission's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings AAAm
Local Government Investment Pool	$ 1,301,444

External Investment Pool: The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Grants Receivable:

The following amount represents payments due from other governmental units at year end:

	Amount Due
Due from the Federal Government	$ 377,511
Due from the State Government	150,574
Total Grants Receivable	$ 528,085

Note 5-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Commission for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Increases	Decreases	Balance June 30, 2025
Compensated Absences*	$ 55,410	$ 6,286	$ -	$ 61,696
Lease Liability	178	6,905	(1,386)	5,697
Total	$ 55,588	$ 13,191	$ (1,386)	$ 67,393

* The change in compensated absences is presented as a net change.

Note 5-Long-Term Obligations: (continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

For the Year Ended June 30,	Principal	Interest
2026	$ 1,336	$ 143
2027	1,374	105
2028	1,413	66
2029	1,453	26
2030	121	-
Totals	$ 5,697	$ 340

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Lease liability:						
Copier	2.81%	8/14/2024	2030	$ 6,905	$ 5,697	$ 1,336
Other obligations:						
Compensated absences	n/a	n/a	n/a	n/a	$ 61,696	$ 51,758
Total long-term obligations					$ 67,393	$ 53,094

Remainder of this page left blank intentionally.

Note 6-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 113,240	$ -	$ -	$ 113,240
Construction in progress	156,420	144,071	(300,491)	-
Total capital assets not being depreciated, net	$ 269,660	$ 144,071	$ (300,491)	$ 113,240
Capital assets, being depreciated/amortized:				
Office equipment	$ 21,774	$ -	$ -	$ 21,774
Lease office equipment	6,552	6,905	(6,552)	6,905
Buildings and improvements	522,256	306,141	(14,220)	814,177
Intangible asset (website)	40,000	-	-	40,000
Total capital assets being depreciated/amortized	$ 590,582	$ 313,046	$ (20,772)	$ 882,856
Accumulated depreciation/amortization:				
Office equipment	$ (16,213)	$ (2,512)	$ -	$ (18,725)
Lease office equipment	(6,372)	(1,391)	6,552	(1,211)
Buildings and improvements	(379,704)	(12,839)	7,860	(384,683)
Intangible asset (website)	(2,381)	(5,714)	-	(8,095)
Total accumulated depreciation/amortization	$ (404,670)	$ (22,456)	$ 14,412	$ (412,714)
Total capital assets being depreciated/amortized, net	$ 185,912	$ 290,590	$ (6,360)	$ 470,142
Capital assets, net	$ 455,572	$ 434,661	$ (306,851)	$ 583,382

All depreciation expense was charged to the Community Development function in the Statement of Activities.

Note 7-Allocation of Indirect Costs:

The Commission has entered into various agreements to assist in the management of various projects and grants. The Commission charges for direct costs incurred plus a portion of indirect costs. Indirect costs are allocated on the ratio of the individual project's personnel services, including fringe benefits, to total personnel, including fringe benefits. The indirect cost rate for the year ended June 30, 2025 was 26.40% and was calculated as follows:

Indirect costs	$ 282,306
Total direct personnel, including fringe benefits	1,069,271
Indirect cost rate	26.40%

Note 8-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling $297,382 is comprised of the following:

Coronavirus State and Local Fiscal Recovery Funds – Unspent Coronavirus State and Local Fiscal Recovery Funds totaling $91,625.

Virginia Opioid Abatement Authority Funds – Unspent Virginia Opioid Abatement Authority funds from City of Roanoke, Virginia totaling $144,828.

Miscellaneous Projects – Funding received in advance and carried over for use in the next fiscal year from various sources totaling $60,929.

Note 9-Litigation:

At June 30, 2025, there were no matters of litigation involving the Commission which would materially affect the Commission's financial position should any court decision on pending matters not be favorable to the Commission.

Note 10-Allocation of Fringe Benefits:

Fringe benefit expenditure is allocated using the percentage of benefits to total personnel services. Components of fringe benefit expenditure for the year ended June 30, 2025 and the allocation computation are as follows:

Fringe Benefits:	
Health insurance premiums	$ 141,296
Social security	72,862
Retirement contributions	39,538
Life & disability insurance	10,983
State unemployment insurance	156
Workers compensation premium	591
Total Fringe Benefits	$ 265,426
Total Personnel Services	937,785
Allocation rate	28.30%

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Note 11-Deferred Contribution Plan:

The Commission offers a defined contribution pension plan to employees through MissionSquare Retirement Governmental Deferred Compensation Plan. The plan provides retirement income and other deferred benefits to participants. Employer and participant must pay social security tax on the amount of the deferred compensation. Benefits accrue as follows:

0 - 1 years of service	0% of gross income
1 - 2 years of service	3% of gross income
2 - 3 years of service	4% of gross income
3 - 4 years of service	5% of gross income
4 - 9 years of service	6% of gross income
10 - 20 years of service	8% of gross income
20 + years of service	10% of gross income

All assets are maintained by MissionSquare; therefore, there are no assets accumulated in a trust fund. The Commission's required and actual contribution was $39,538 for the fiscal year ended June 30, 2025.

Note 12-Contingent Liabilities:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 13-Risk Management:

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates with other government entities in a public entity risk pool for their coverage of general liability, public officials' liability, property coverage, fidelity/crime coverage and worker's compensation coverage through the Virginia Risk Sharing Association (VRSA). Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Commission makes contributions to a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Commission continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Commission's insurance coverages are summarized below:

Liability Coverage	$1,000,000 per occurrence
No Fault Property Damage	$10,000 per occurrence
Auto Coverage	$1,000,000 Combined Single Limit per occurrence
Property Coverage	$1,892,253
Business Interruption	$1,000,000
Fidelity Bond	$500,000 per occurrence
Computer Fraud	$25,000 per occurrence
Worker's Compensation	$1,000,000 per occurrence
Cyber Coverage	$250,000 per occurrence

Note 14-Adoption of Accounting Principle:

The Commission implemented provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Beginning net position for the Commission was restated to include sick leave in compensated absences as part of the implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

	Net Position
Beginning balance, as previously stated	$ 1,635,975
Increase in compensated absences	(22,582)
Beginning balance, as restated	$ 1,613,393

Note 15-Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025,* effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Roanoke Valley - Alleghany Regional Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Grants and appropriations:				
Federal grants	$ 2,218,089	$ 2,377,905	$ 1,152,081	$ (1,225,824)
State grants and appropriations	1,560,843	1,585,174	617,073	(968,101)
Local grants and appropriations	846,753	800,516	610,210	(190,306)
Contractual services	26,538	27,738	26,538	(1,200)
Miscellaneous	4,500	4,500	4,606	106
Interest income	20,000	40,000	63,404	23,404
Total revenues	$ 4,676,723	$ 4,835,833	$ 2,473,912	$ (2,361,921)
Expenditures:				
Community Development:				
Salaries	$ 1,058,399	$ 1,053,928	$ 937,785	$ 116,143
Fringe benefits	315,789	313,473	265,426	48,047
Insurance	6,276	6,276	5,521	755
Supplies	17,245	17,795	12,770	5,025
Postage	1,250	1,250	3,225	(1,975)
Subscriptions	500	500	577	(77)
Dues	14,880	16,630	17,198	(568)
Printing	2,449	2,449	3,282	(833)
Training	7,500	7,500	3,408	4,092
Telephone	8,000	8,000	8,131	(131)
Travel	40,804	40,432	15,579	24,853
Legal and accounting	24,000	23,000	15,476	7,524
Conferences	7,400	7,400	6,220	1,180
Furniture and fixtures	19,800	19,800	6,105	13,695
Miscellaneous	6,213	6,213	1,369	4,844
Advertising	80,000	80,000	69,465	10,535
Recruitment	1,000	1,000	2,004	(1,004)
Meetings	11,500	15,459	16,351	(892)
Computer services	59,841	71,261	73,292	(2,031)
Utilities	15,000	15,000	16,443	(1,443)
Contract services	1,998,677	2,146,962	695,944	1,451,018
Capital outlays	26,440	26,440	156,626	(130,186)
Building maintenance	37,000	37,000	19,035	17,965
Operating lease payments				
Principal	1,386	1,386	1,386	-
Interest	147	147	147	-
Total expenditures	$ 3,761,496	$ 3,919,301	$ 2,352,765	$ 1,566,536
Excess (deficiency) of revenues over (under) expenditures	$ 915,227	$ 916,532	$ 121,147	$ (795,385)
Other financing sources (uses)				
Issuance of lease liabilities	$ -	$ -	$ 6,905	$ 6,905
Net change in fund balance	$ 915,227	$ 916,532	$ 128,052	$ (788,480)
Fund balance, beginning of year	(915,227)	(916,532)	1,213,409	2,129,941
Fund balance, end of year	$ -	$ -	$ 1,341,461	$ 1,341,461

GAAP serves as the Commission's budgetary basis of accounting.

Other Information

Exhibit 8

Roanoke Valley - Alleghany Regional Commission
Schedule of Indirect Expenses
For the Year Ended June 30, 2025

Salaries	$	106,628
Fringe Benefits		30,055
Audit Fees		13,300
Building Maintenance		19,035
Computer Services		32,731
Conferences		610
Depreciation Physical Assets		14,314
Depreciation Computer Equipment		1,037
Furniture and Equipment		3,052
Furniture and Equipment Maintenance		2,872
Amortization Software		5,714
Insurance-General		5,520
Leases		2,750
Legal Fees		216
Printing		445
Postage		732
Professional Dues		8,491
Recruitment		534
Subscriptions		577
Supplies		6,085
Telephone & Internet		8,131
Training		1,124
Travel		1,910
Utilities		16,443
Total Indirect Expenses	$	282,306

Roanoke Valley-Alleghany Regional Commission
Cost Allocation by Project
For the Year Ended June 30, 2025

	Total	General Operations	ARC 24-25	EDA 25	VDOT PL	VDOT SPR	VDRPT Trans	VDOT Glade Creek	VDRPT RideSolutions	VDRPT Commuter Strategic Plan	Chesapeake Bay	DEQ IIJA BMP	ARP ACT	SAMHSA	Virginia Opioid Abatement	Virginia Housing	Regional Bike Coordination	HUD Bus Shelters	Virginia Environmental Endowment	Virginia Dept. of Emergency Management	Commuter Sponsorships	Rke River Blueway	Southeast Crescent	Regional Projects	WVRIFA	Arbor Day Mini Grant
Revenues:																										
Federal contributions	$ 1,152,081	$ -	$ 70,092	$ 62,545	$ 310,905	$ 24,758	$ 167,416	$ 7,168	$ -	$ -	$ 66,198	$ 8,089	$ 68,841	$ 309,236	$ -	$ -	$ -	$ 6,513	$ -	$ 34,476	$ -	$ -	$ 15,844	$ -	$ -	$ -
State contributions	617,073	41,326	-	-	38,863	-	20,927	-	152,676	19,593	-	-	-	-	-	246,861	-	-	12,611	3,831	-	-	-	73,645	-	6,740
Local contributions	610,210	127,911	43,436	62,545	38,864	6,190	21,985	-	38,293	2,765	6,772	-	-	-	158,960	-	6,043	-	-	10,382	-	8,186	-	77,878	-	-
Interest income	63,404	63,404	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract income	26,538	1,538	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	-
Miscellaneous income	4,606	374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,232	-	-
Total revenues	$ 2,473,912	$ 234,553	$ 113,528	$ 125,090	$ 388,632	$ 30,948	$ 210,328	$ 7,168	$ 190,969	$ 22,358	$ 72,970	$ 8,089	$ 68,841	$ 309,236	$ 158,960	$ 246,861	$ 6,043	$ 6,513	$ 12,611	$ 48,689	$ -	$ 8,186	$ 15,844	$ 155,755	$ 25,000	$ 6,740
Expenditures:																										
Salaries and wages	$ 837,449	$ 1,052	$ 50,691	$ 73,932	$ 171,892	$ 18,691	$ 112,163	$ 4,265	$ 48,707	$ -	$ 37,402	$ 1,798	$ 2,568	$ 88,446	$ 72,115	$ 15,709	$ 3,730	$ 2,198	$ 904	$ 28,294	$ -	$ 4,531	$ 9,758	$ 75,708	$ 12,895	$ -
Fringe benefits	235,371	(245)	14,412	20,839	48,451	5,268	31,724	1,202	13,729	-	10,641	507	739	24,489	20,327	4,428	1,051	624	255	7,975	-	1,277	2,705	21,339	3,634	-
Advertising	69,466	-	-	406	576	-	243	258	54,952	-	-	-	-		12,500	-	-	-	-	31	500	-	-	-	-	-
Computer services	40,560	513	225	-	12,050	-	4,989	-	4,369	-	-	-	5,075	635	11,390	-	-	-	-	-	-	45	-	900	369	-
Contract Services	696,327	1	27,298	-	89,343	400	18,205	-	48,378	22,358	-	5,176	56,089	159,116	17,403	221,409	-	3,060	11,145	2,806	-	800	-	6,600	-	6,740
Dues & Subscriptions	8,707	-	1,750	-	2,242	-	-	-	1,655	-	25	-	-	35	-	-	-	-	-	-	-	-	-	3,000	-	-
Furniture & Equipment	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180	-	-
Legal	6,359	6,359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meetings	360	-	-	-	-	-	135	-	-	-	-	-	-	-	113	-	-	90	-	-	-	-	-	22	-	-
Miscellaneous	16,352	-	-	-	40	-	-	-	70	-	-	-	2,851	550	30	-	-	-	-	-	185	-	-	12,626	-	-
Postage	1,369	1,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146	-	-
Printing	2,493	-	-	-	-	-	11	-	-	-	202	-	350	-	-	-	-	-	-	-	-	-	-	1,930	-	-
Recruitment	2,837	-	-	-	-	-	-	-	1,153	-	-	-	-	-	-	-	-	-	-	-	252	-	-	1,432	-	-
Supplies	1,470	(1)	-	-	1,317	154	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	6,685	-	-	-	212	-	53	-	269	-	301	-	143	4,203	242	-	-	-	-	-	361	-	-	901	-	-
Training	2,284	1	-	-	1,675	-	-	-	-	-	-	-	-	219	379	-	-	-	-	-	-	-	-	10	-	-
Travel	13,670	-	687	3,642	1,605	109	1,601	-	858	-	785	-	-	152	55	-	-	-	-	7	-	-	-	4,169	-	-
Conferences	5,610	1	-	1,250	1,055	-	520	-	345	-	575	-	-	694	-	-	-	-	-	-	-	-	-	1,170	-	-
Indirect costs	282,306	(5,621)	18,465	25,021	58,174	6,326	39,106	1,443	16,484	-	13,701	608	1,026	31,018	24,406	5,316	1,262	757	306	9,576	-	1,533	3,413	25,622	4,364	-
Total expenditures	$ 2,229,855	$ 3,283	$ 113,528	$ 125,090	$ 388,632	$ 30,948	$ 208,750	$ 7,168	$ 190,969	$ 22,358	$ 63,632	$ 8,089	$ 68,841	$ 309,557	$ 158,960	$ 246,862	$ 6,043	$ 6,729	$ 12,610	$ 48,689	$ 1,298	$ 8,186	$ 15,876	$ 155,755	$ 21,262	$ 6,740

Exhibit 10

Roanoke Valley - Alleghany Regional Commission
Statement of Revenues and Expenditures - ARC
For the Period of January 1, 2024 to December 31, 2024

Appalachian Regional Commission
Contract No.: VA-711-E-C54-24

Revenues:		
Federal grant contributions	$	45,978
Local contributions		46,620
Total revenues	$	92,598
Expenditures:		
Salaries and wages	$	53,763
Fringe benefits		15,651
Dues		1,750
Travel		1,012
Conferences		150
Indirect costs		20,272
Total expenditures	$	92,598
Excess (deficiency) of revenues over (under) expenditures	$	-

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Board
Roanoke Valley - Alleghany Regional Commission
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and the major fund of the Roanoke Valley - Alleghany Regional Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Roanoke Valley - Alleghany Regional Commission's basic financial statements and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Roanoke Valley - Alleghany Regional Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roanoke Valley - Alleghany Regional Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 26, 2025

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Members of the Board
Roanoke Valley - Alleghany Regional Commission
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Roanoke Valley - Alleghany Regional Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Roanoke Valley - Alleghany Regional Commission's major federal programs for the year ended June 30, 2025. The Roanoke Valley - Alleghany Regional Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Roanoke Valley - Alleghany Regional Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Roanoke Valley - Alleghany Regional Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Roanoke Valley - Alleghany Regional Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Roanoke Valley - Alleghany Regional Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Roanoke Valley - Alleghany Regional Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Roanoke Valley - Alleghany Regional Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Roanoke Valley - Alleghany Regional Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley - Alleghany Regional Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 26, 2025

Roanoke Valley - Alleghany Regional Commission

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-Thru to Subrecipients
APPALACHIAN REGIONAL COMMISSION:				
Direct payments:				
Appalachian Local Development District Assistance	23.009	Not applicable	$ 42,794	
Appalachian Area Development	23.002	Not applicable	27,298	
Total Appalachian Regional Commission			$ 70,092	
DEPARTMENT OF COMMERCE:				
Direct payments:				
Economic Development Support for Planning Organizations	11.302	Not applicable	$ 62,545	
Total Department of Commerce			$ 62,545	
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct payments:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Total Department of Health and Human Services	93.243	Not applicable	$ 309,236	$ 154,091
			$ 309,236	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Pass through payments from:				
City of Roanoke, Virginia:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	Not available	$ 6,513	
Total Department of Housing and Urban Development			$ 6,513	
DEPARTMENT OF TRANSPORTATION:				
Pass through payments from:				
Virginia Department of Rail and Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	46024-10/46025-12	$ 167,416	
Virginia Department of Motor Vehicles:				
Highway Planning and Construction	20.205	UPC 0000125295/UPC 0000125277/GCGW-M12-259	342,832	
Total Department of Transportation			$ 510,248	
DEPARTMENT OF THE TREASURY:				
Pass through payments from:				
City of Roanoke, Virginia:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	$ 68,841	
Total Department of the Treasury			$ 68,841	
ENVIRONMENTAL PROTECTION AGENCY:				
Pass through payments from:				
Virginia Department of Environmental Quality:				
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	66.964	17601/CTR022692/CTR034006	$ 74,287	
Total Environmental Protection Agency			$ 74,287	
DEPARTMENT OF HOMELAND SECURITY:				
Pass through payments from:				
Virginia Department of Emergency Management:				
Hazard Mitigation Grant Program	97.039	FEMA-DR-4512-VA-0011	$ 34,476	
Total Department of Homeland Security			$ 34,476	

Roanoke Valley - Alleghany Regional Commission

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-Thru to Subrecipients
SOUTHEAST CRESCENT REGIONAL COMMISSION:				
Direct Payments:				
Southeast Crescent Regional Commission - Economic and Infrastructure Development Grants	90.705	LDD23VA052/LDD25VA052	$ 15,843	
Total Southeast Crescent Regional Commission			$ 15,843	
Total Expenditures of Federal Awards			$ 1,152,081	$ 154,091

Notes to Schedule of Expenditures of Federal Awards:

Note A--Basis of Presentation:
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Roanoke Valley-Alleghany Regional Commission under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Roanoke Valley-Alleghany Regional Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Roanoke Valley-Alleghany Regional Commission.

Note B--Summary of Significant Accounting Policies
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
(2) Pass-through entity identifying number are presented where available.

Note C--De Minimis Cost Ratio:
The Roanoke Valley-Alleghany Regional Commission has not elected to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes $282,306 claimed as an indirect cost recovery using an approved indirect cost rate of 26.40 percent.

Note D--Relationship to the Financial Statements:

Grant and appropriations: Federal grants per Exhibit 5 of the financial statements	$ 1,152,081

Roanoke Valley - Alleghany Regional Commission

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no findings in the prior year.